GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:944
ANSWERED ON:29.04.2016
Loan Restructure
Yadav Shri Om Prakash

Will the Minister of FINANCE be pleased to state:

(a) whether a number of private companies have not been able to service their debt for the last three years, if so, the details thereof;
(b) whether the Government has issued any guidelines wherein the companies have to offload their shares or sell some assets and repay some part of loan before banks do restructuring, if so, the details thereof; and
(c) whether almost 60 percent of stress assets are concentrated in metals and infrastructure companies and these sectors account for three forth of banks corporate loans, if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a): The details of Gross Advances, Gross Non-Performing Assets (GNPA) and GNPA ratio, towards Corporate lending, for the last three years, for Public Sector Banks (PSBs) are as under:
(Rs. crore)

Corporate Loans	2013	2014	2015	Dec 2015
Gross Advances	24,11,493	26,43,238	27,24,179	26,95,132
Gross NPA	84,050	1,32,333	1,63,293	2,23,613
GNPA Ratio	3.49	5.01	5.99	8.30

(b): As per RBI circular on Joint Lenders' Forum (JLF) dated February 26, 2014, the general principle of restructuring mandates shareholders to bear the first loss rather than the debt holders to ensure more 'skin in the game' of promoters. Accordingly, the JLF/Corporate Debt Restructuring (CDR) may consider any of the following options when a loan is restructured:
â€¢ Transfer of equity of the borrower company by promoters to lenders for compensation of their sacrifice;
â€¢ Infusion of more funds by the promoters;
â€¢ Transfer of promoters' holdings to a security trustee or an escrow arrangement till turnaround of the company.
Further, a clause for sale of non-core assets may be stipulated as a condition for restructuring of account by the JLF/CDR.

(c): The advances and NPAs towards metal and infrastructure companies accounts for 44.55% and 38.27% of corporate advances and corporate NPAs of PSBs. The details are as under:
(Rs. Crore)

	Dec 2015
Corporate Advances	26,95,132
Corporate NPAs	2,23,613
Advances - Metal and Infrastructure companies	12,00,808
NPAs - Metal and Infrastructure companies	85,593

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